

**Management Discussion of the FY 2005 Increase in Net Assets
University Academic**

2005, the year to date returns from the endowment were a positive 0.6% resulting in a \$4 million increase of net assets reported as nonoperating and temporarily restricted. A summary of how the \$6 million of operating income in FY 2005 was earned and Fact

	<u>Actual</u>	<u>Budget</u>
Gifts recorded in Operations (not relied on for operating budget)	\$ 8.4	\$ -
Excess over depreciation expense for capital projects	2.7	5.0
Lakeside favorable spending variances	6.1	-
Water Tower rental income	3.8	3.0
Residence Life results of operations	3.1	1.3
SSOM operations in excess of budget	2.4	
Total FY 2005 Operating Results	\$ 26.5	\$ 9.3
Reinvestment of the FY 2005 Operating Results:		
SSOM Capital Asset Reserve, including gifts	\$ 7.9	
Lakeside Capital Asset Reserve	3.9	
Resident Life Capital Asset Reserve	3.2	



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Refer to Audit Report on <http://www.luc.edu/finance/FinSt.shtml>

outlook has been revised to 'stable' from 'negative.' Standard & Poor's rating is consistent with Moody's rating of A3 stable. The ratings reflect:

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